



Economic and Social Council

Distr.
LIMITED

E/C.7/1991/L.4/Add.4
3 April 1991

ORIGINAL: ENGLISH

COMMITTEE ON NATURAL RESOURCES

Twelfth session
25 March-4 April 1991
Agenda item 13

ADOPTION OF THE REPORT OF THE COMMITTEE ON ITS TWELFTH SESSION

Draft report

Addendum

Rapporteur: Mr. Ioan BARAC (Romania)

Chapter V

PERMANENT SOVEREIGNTY OVER NATURAL RESOURCES (Item 6)

1. The Committee considered item 6 of its agenda at its 6th meeting, on 28 March 1991. It had before it the report of the Secretary-General on permanent sovereignty over natural resources (E/C.7/1991/6).
2. The report was introduced and reviewed by the Director of the Natural Resources and Energy Division, Department of Technical Cooperation for Development, who concluded his remarks by noting that the Department was ready to increase its cooperation with other members of the United Nations in providing developing countries with the information, advisory services and training necessary to help them develop suitable policies to ensure faster economic growth while adhering to the principle of permanent sovereignty over natural resources.
3. The Chairman noted that the report supplied the Committee with the information sought by it at its eleventh session.
4. One of the delegates suggested that the report should have been distributed to Committee members earlier, so as to give them sufficient time to study it and make the necessary comments on it. He observed that the principle of permanent sovereignty over natural resources had been consistently invoked by developing

countries since 1952 and reflected concern with their economic development. In 1974, when the principle was validated by international law, it had been invoked by the developing countries in the renegotiation of contracts during the transitional period from colonial to independent status. More recently, the exercise of the right to permanent sovereignty had focused on means of attracting foreign investment. The delegate noted that at its eleventh session the Committee had emphasized the scarcity of financial resources for investment. The national investment policies of developing countries did not adequately address the concerns of investors, who did not want to undertake prospecting under uncertain conditions. Thus there was considerable need for information services in the field of natural resources. His delegation strongly supported detailed mineral feasibility studies in developing countries and the establishment of a database within the United Nations containing information on available mineral and petroleum investment opportunities in developing countries. UNIDO had launched such a project focusing on industrial investment opportunities. He observed that in order for the principle of permanent sovereignty over natural resources to be meaningful and attract investment, developing countries needed valid legal contracts and sound legislation. He concluded that the Department of Technical Cooperation for Development could play an important role in providing the services necessary for developing standard legal contracts and for promoting investment in and efficient management of mineral resources in developing countries.

5. Another delegate focused on the relationship between permanent sovereignty over natural resources, sustainable development, and global environmental concerns. While endorsing the validity of the principle of permanent sovereignty, he stressed that in view of the deepening global environmental crisis, the exercise of permanent sovereignty must be reconciled with the need to safeguard the environment. It was the responsibility of the State to exercise restraint while exercising sovereignty over its natural resources. The principle of sovereignty was totally compatible with other important principles, such as the responsibility of the State for environmental protection or for damage inflicted by it. The need for new, sound, alternative, energy-efficient technology was crucial in order to curb environmental damage and promote sustainable development. He pointed out that transnational corporations had the requisite technology, but developing countries faced difficulties acquiring it due to economic costs and lack of access. According to him, private corporations could often gain access through joint ventures, but the institutional apparatus of the State was different. New, clean technology was understood to have three features: reasonable cost, guaranteed access, and technical information. He proposed that appropriate international mechanisms should be set up for transfer of new, clean technology for mitigating environmental consequences. Questions of intellectual property should not constitute an obstacle to access to clean technologies. He concluded that developing countries should, nevertheless, enhance and develop their indigenous capacity to create and develop sound technology.

6. It was felt that international cooperation (and the relevant financial resources required) should be mobilized to ensure that developing countries be provided with the information, advisory services and training they needed to assist

them to develop and implement policies for ensuring economic growth while adhering to the principles of permanent sovereignty over natural resources and of sustainable development. Sustainable mining could contribute to sustainable development and international cooperation on global economic concerns.
